

Headquarters U.S. Air Force

Integrity - Service - Excellence

FY03 Air Force Budget



1 February, 2002

Major General Stephen Lorenz

Air Force Director of Budget

U.S. AIR FORCE



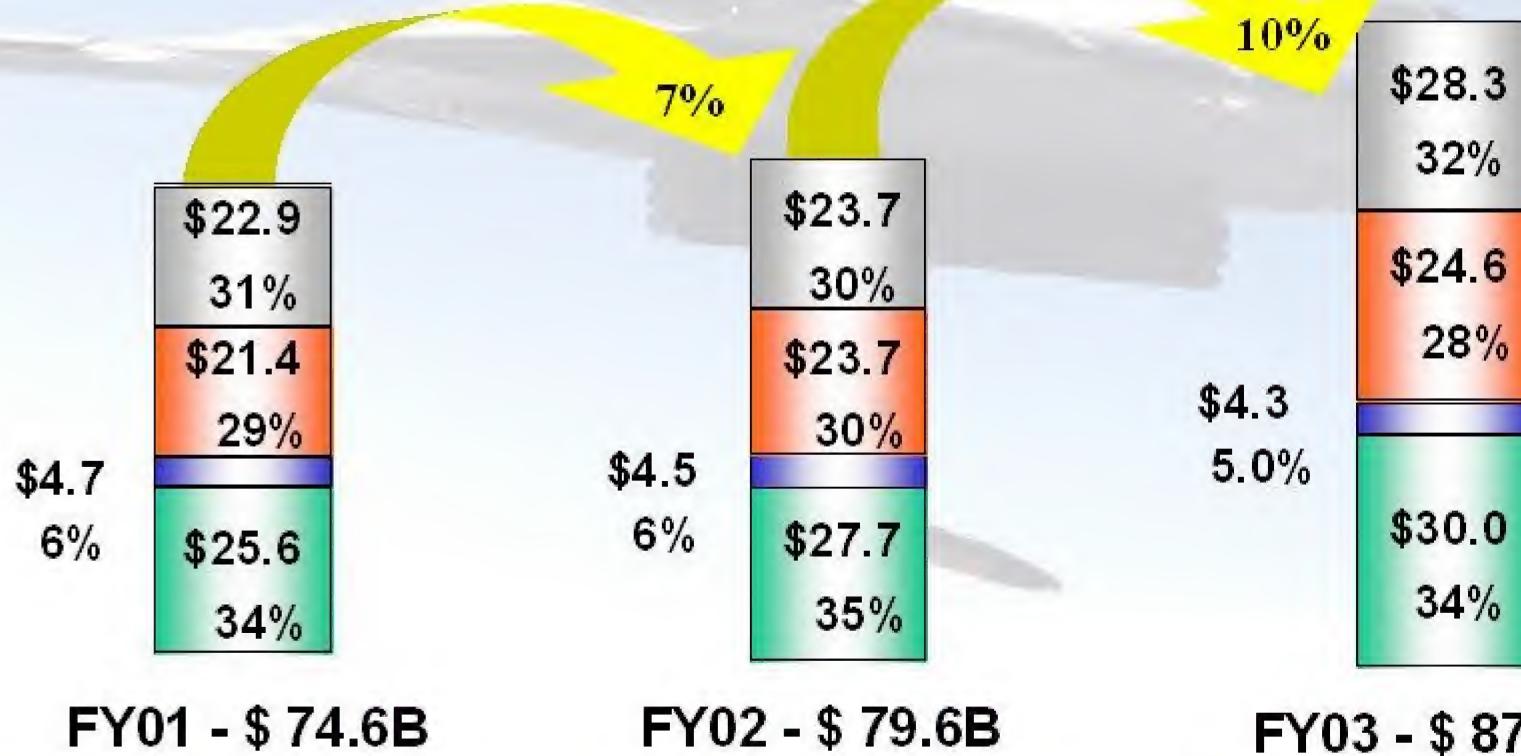
Overview

- Our Theme: Accelerating Transformation
- War on Terrorism
- The Air Force Budget
 - People
 - Operations / Readiness
 - Physical Plant
 - Modernization / Transformation
- Summary



Accelerating Transformation

FY01 - FY03 Comparison



Sustain Readiness

Fix the Foundation

Transformation

■ People ■ Physical Plant ■ Ops & Readiness ■ Mod/Transformation

*Then Year Dollars

Integrity - Service - Excellence

% Net Change



Then, September 11th . . .

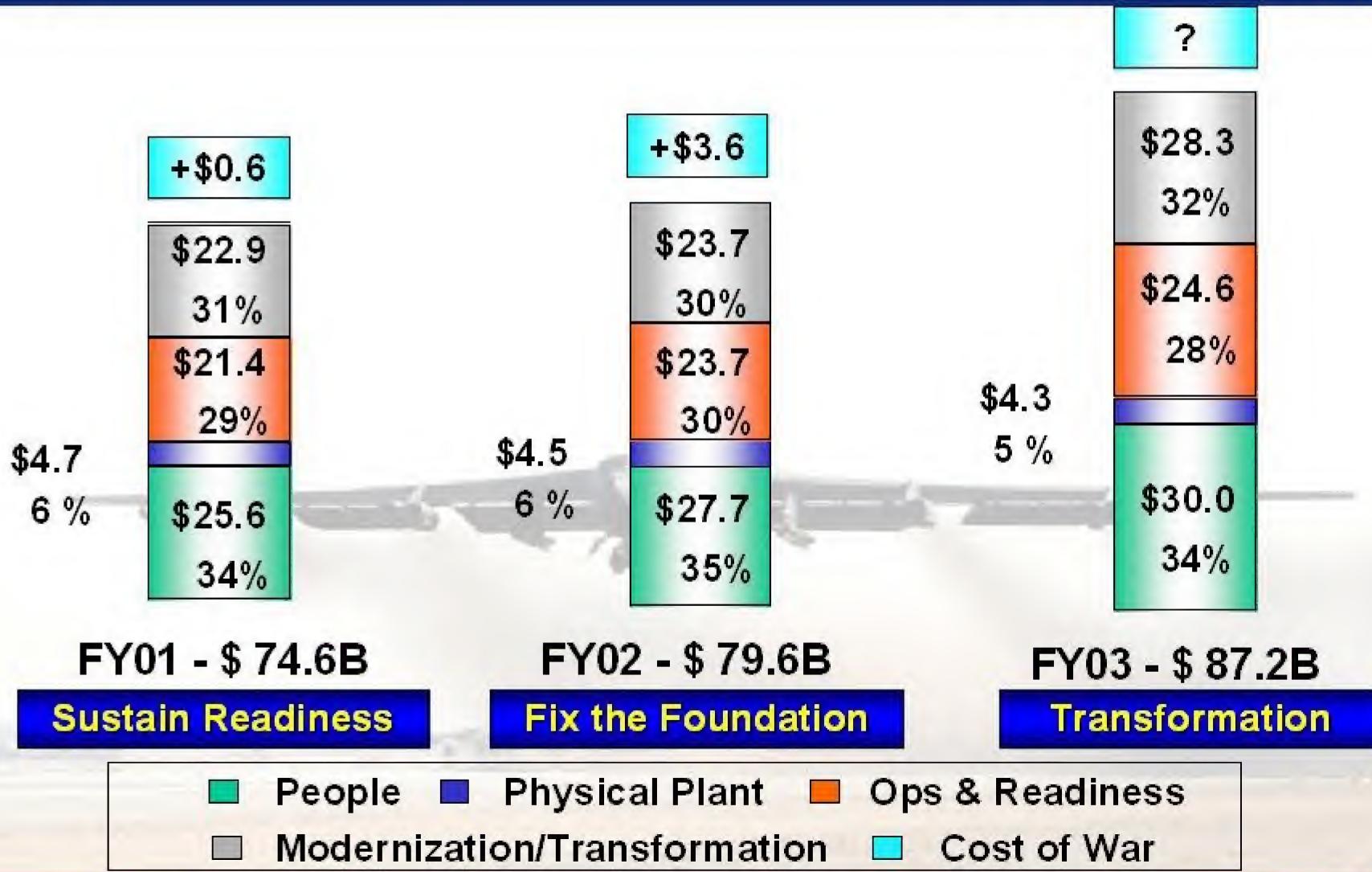


Integrity - Service - Excellence



Accelerating Transformation

Cost of War





FY03 Air Force Budget

People \$30B
+ \$2.3B



Readiness \$24.6B
+ \$0.9B



Focus
On

Capability

Physical Plant \$4.3B
- \$0.2B



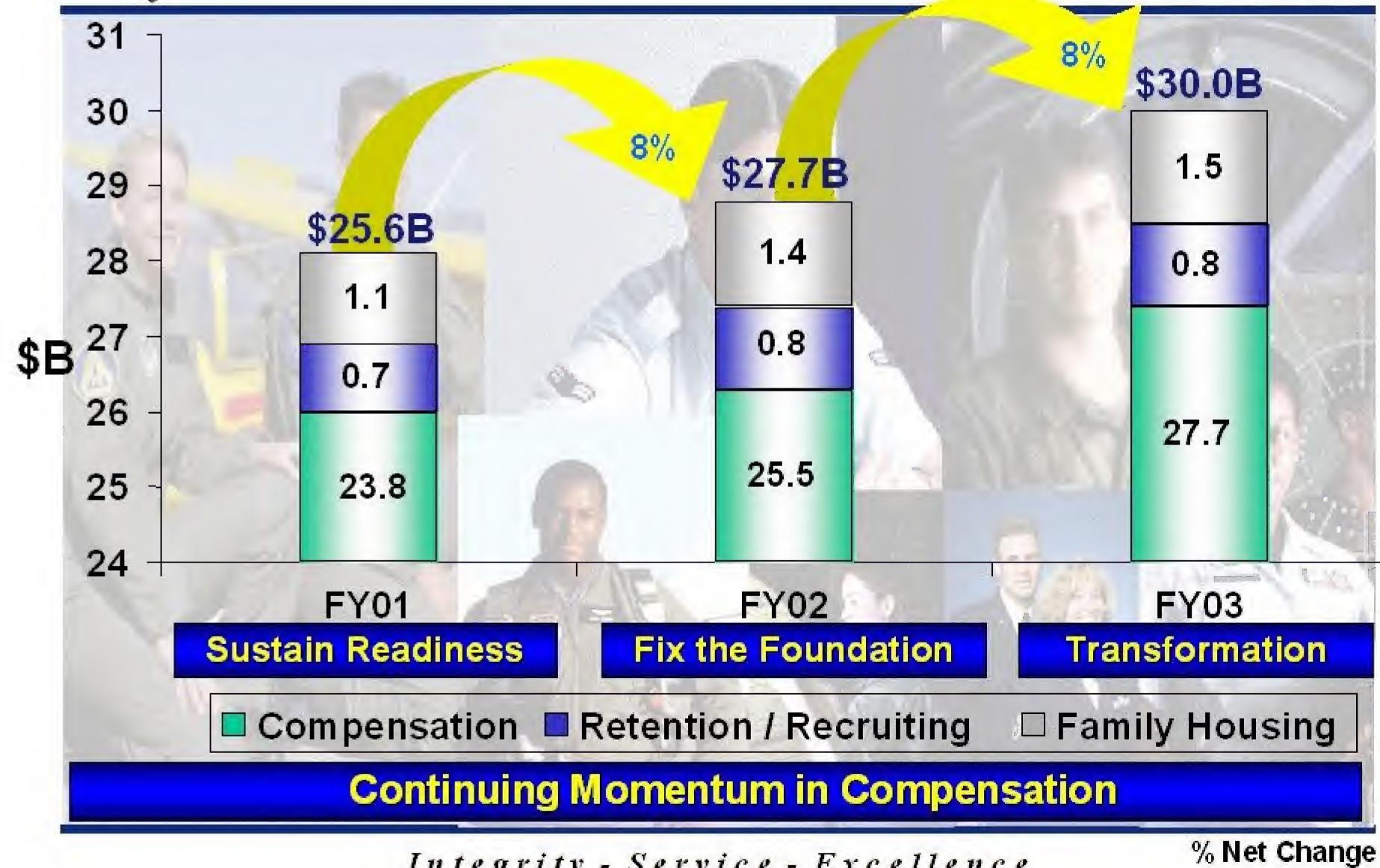
Modernization \$28.3B
+ \$4.5B





PEOPLE

34% of Budget





Military Compensation Retention Based Strategy

- **Pay Raise: + 4.1%**
 - Increase Standard of Living
 - Improve Quality of Life
 - SSgt (+ \$941/yr) -- Captain (+ \$1,980/yr)

- **Housing Allowance**
 - “Out-of-pocket” Expenses Reduced 11.3% to 7.5%
 - On Path to Zero by FY05
 - Relieves Financial Burden For Our Military Families
 - Allows Suitable Community Housing





Military Compensation Retention Based Strategy

- **Thrift Savings Plan**
 - Increases Allowed Contribution Amount From 7% to 8%
 - Provide Savings Opportunity For Future Retirement

- **Tricare For Life**
 - Most Sweeping Improvement In 30 Years
 - Permanent Healthcare Benefit After Retirement

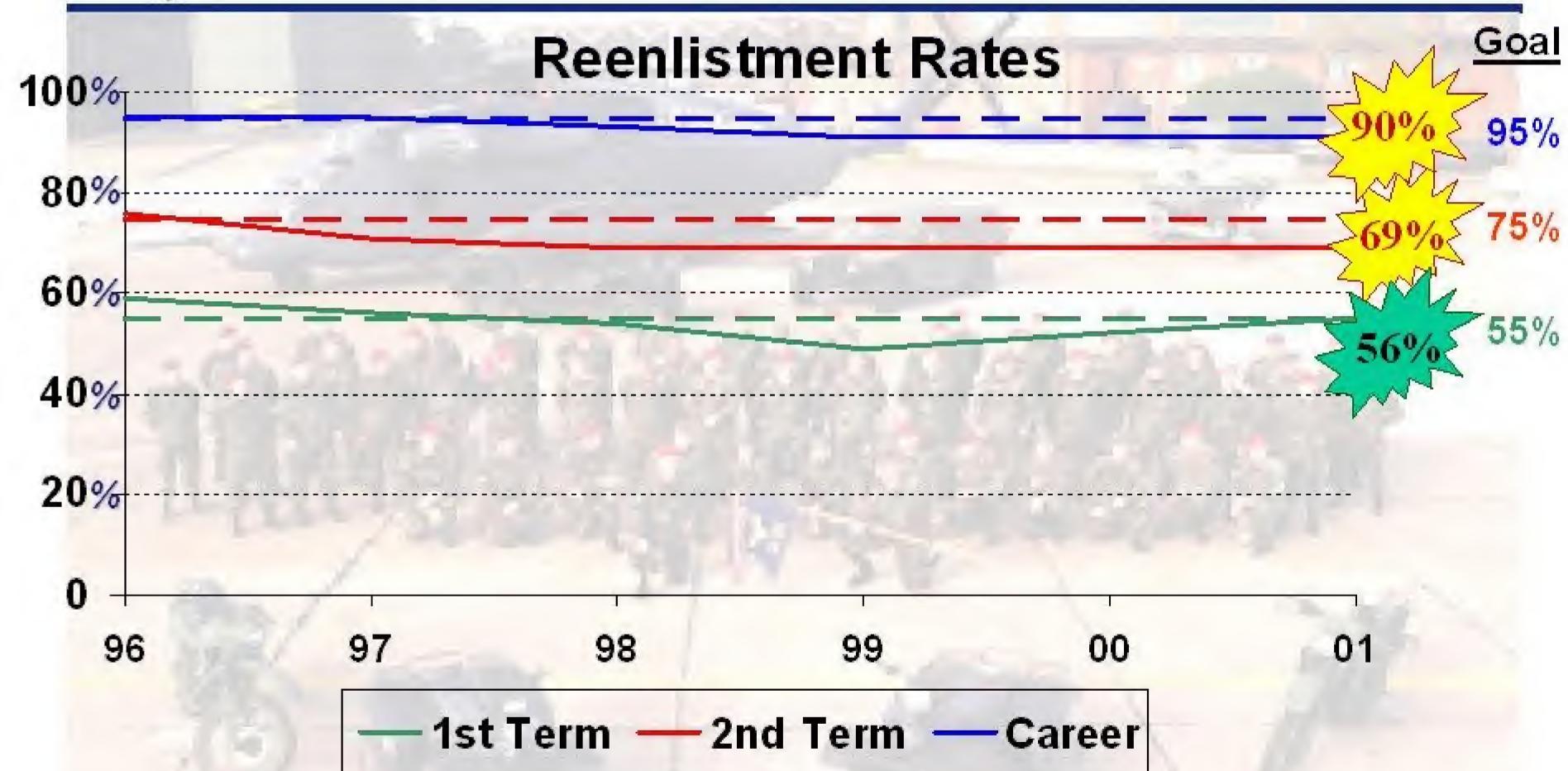


**Recruiting Airmen
Retaining Families**



Air Force Enlisted Retention Trend

Reenlistment Rates



Air Force -- A Retention-Based Force



Recruiting and Retention *Focused Investment Strategy*



Meeting Recruiting Goals & Achieving Retention Success



Civilian Compensation

Shaping the Future Force

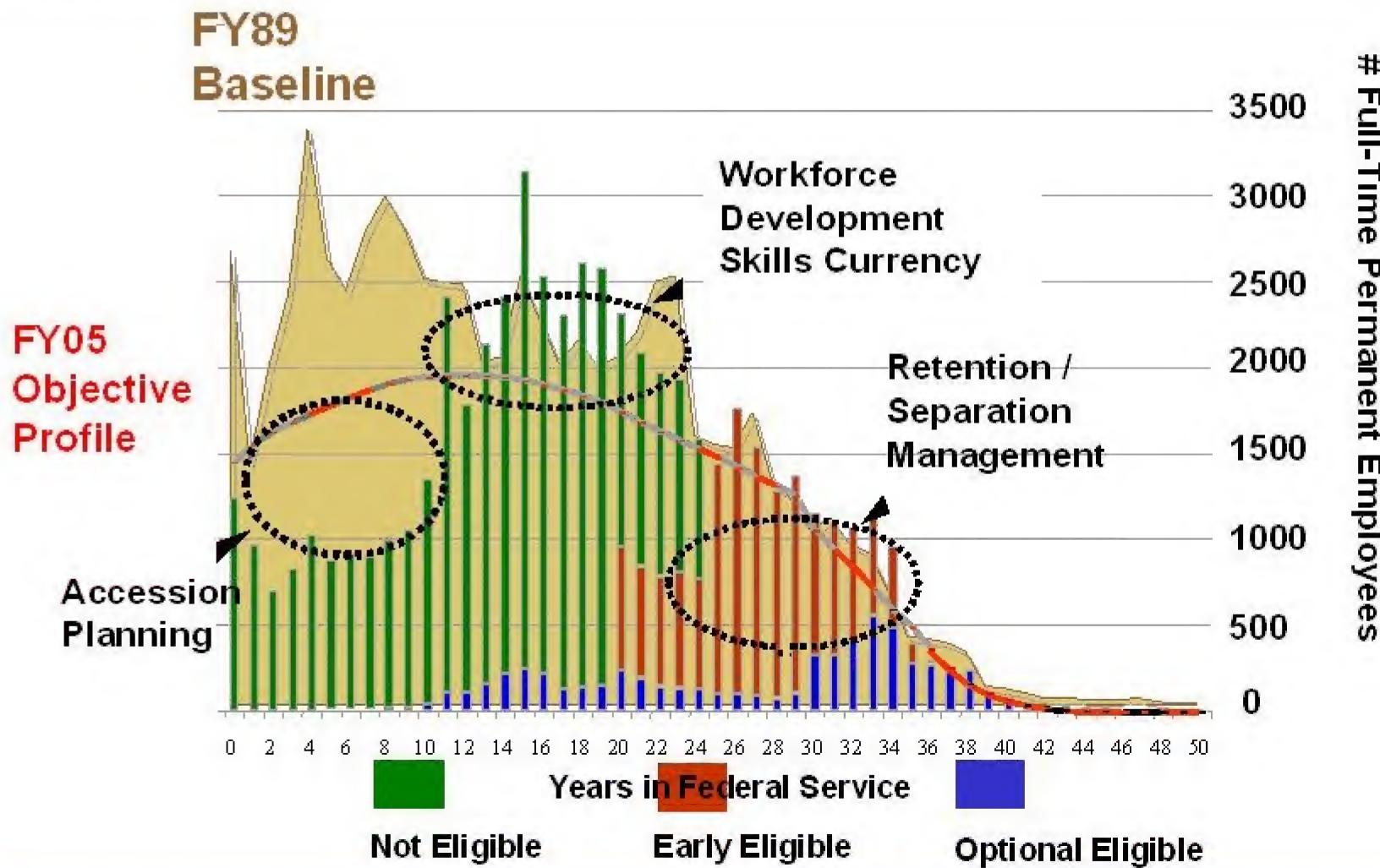
- Pay Raise: 2.6%
 - Commensurate With Federal Raises
- Continues Special Salaries Targeting Critical Skills
 - Information Technology -- + \$5,600/yr
 - Air Traffic Controllers – + \$2,800/yr
- Must Recruit and Retain a Quality Workforce
 - Workforce Shaping Initiatives:
 - Increased Internships (\$52.1M) / Co-op Students (\$1.8M)
 - Recruiting and Relocation Bonuses (\$1.2M)
 - Student Loan Repayment (\$3.0M)



40% Eligible for Retirement in Next 5 Years



Civilian Career Force Objective Profile





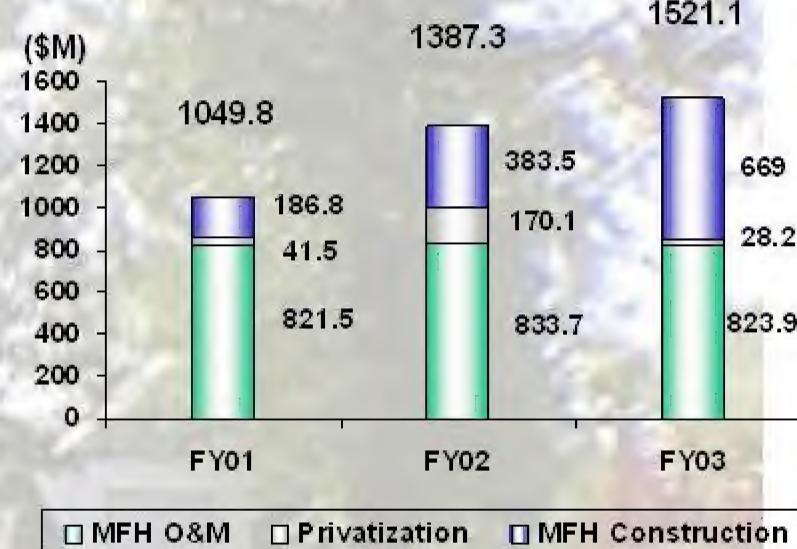
Family Housing

- Operates & Maintains Current Housing Inventory of 103K Units

- Modernizes 8,400 Units In FY03

- Replaces & Revitalizes 3,800 Units (Up From 3,200 In FY02 1,760 In FY01)
 - Continues Privatization Program
 - Total Program -- 27,000 Units
 - 25 On-going Projects -- 22,400 Units
 - 5 New FY03 Candidates -- 4,600 Units

- 45% Increase in Family Housing Budget from FY01 to FY03

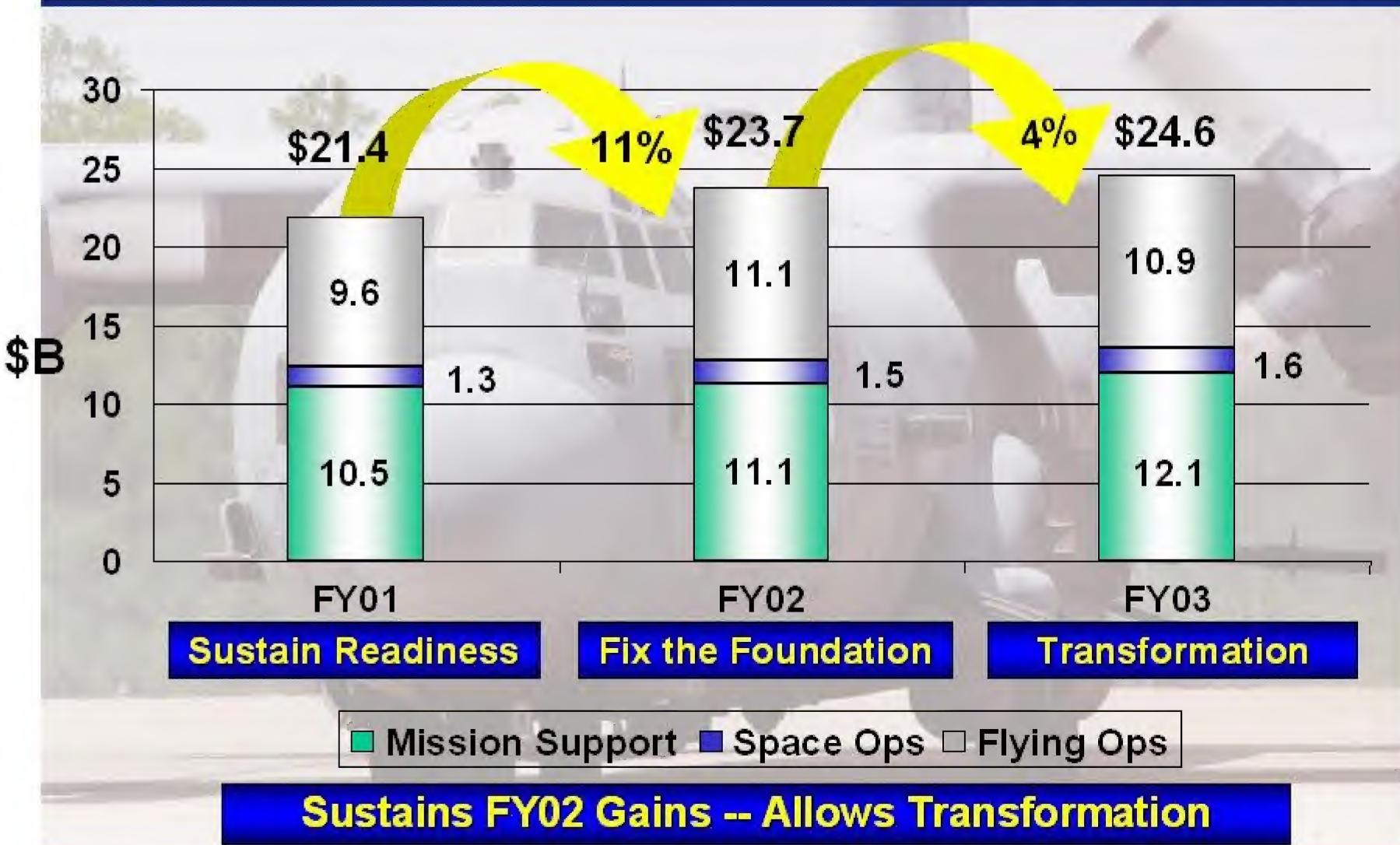


Accelerates Housing Modernization



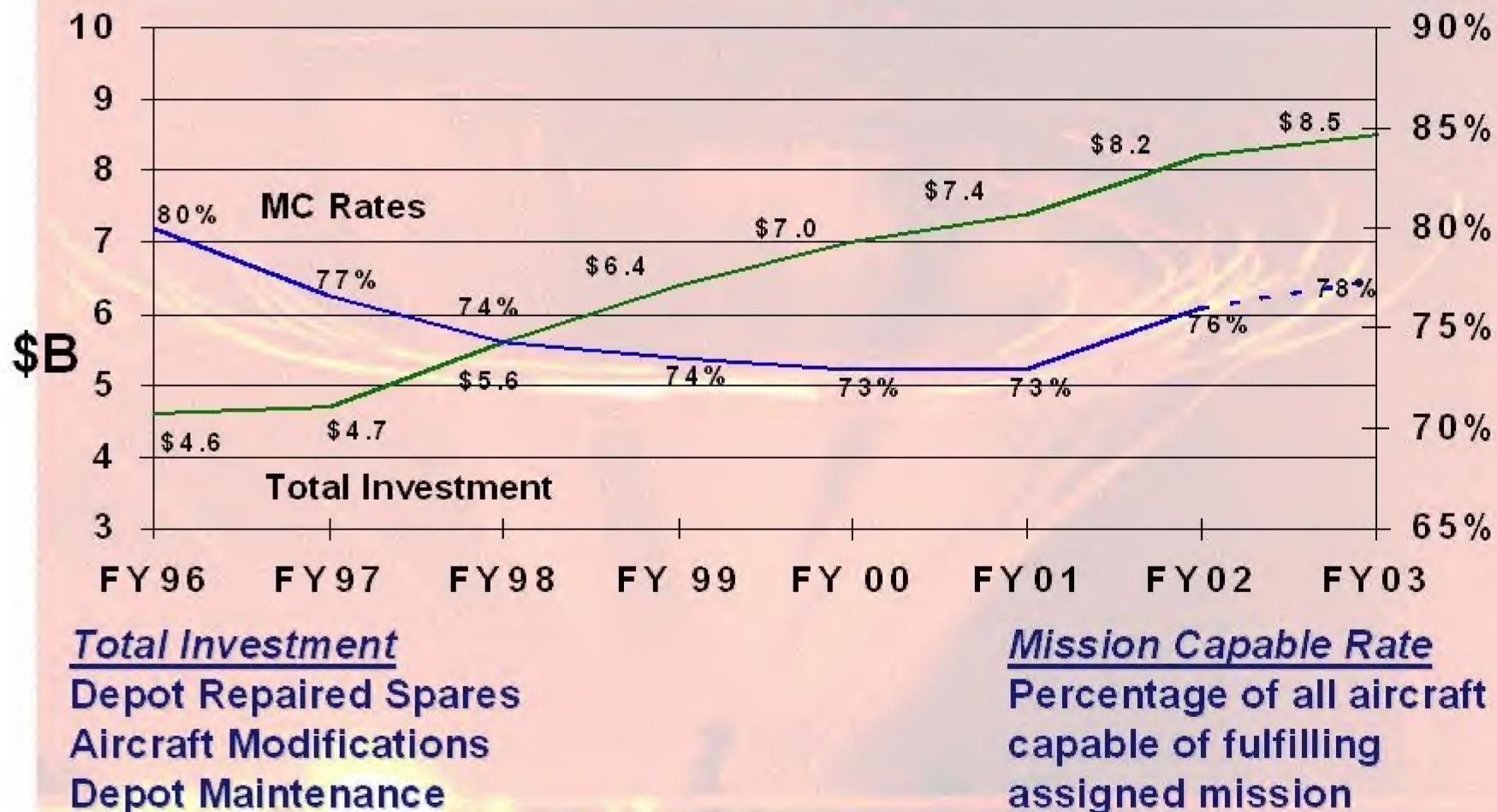
Operations / Readiness

28% of Budget





Aircraft Mission Capable Rates vs Total Investment



Our Investment Is Paying Off



Air & Space Operations

■ \$10.9B Flying Operations

- \$6.1B - Funds Spares, Supplies, & Fuel
- \$2.1B - For Contractor Logistics Support
- \$2.7B - For Depot Maintenance
 - Funds 369 Airframes & 833 Engine Overhauls
- 2.1M Flying Hours

■ \$487M Combat Training

- Sustains 26 Ranges & 170+ Exercises

■ \$1.6B Space Operations

- 50 Launches (33 DoD, 4 Commercial, & 13 Civil)
- Sustains 2 Ranges & 45 Facilities



Funds the Heartbeat of the Air Force



Mission Support

■ \$6.1B Overall Base Support:

- Base Communication
- Base Operating Support
- Child Development & Family Support
- Real Property Services (Utilities)
- Environmental

■ \$905M Training & Education

- Professional Military Education
- Accessions
- Technical Training

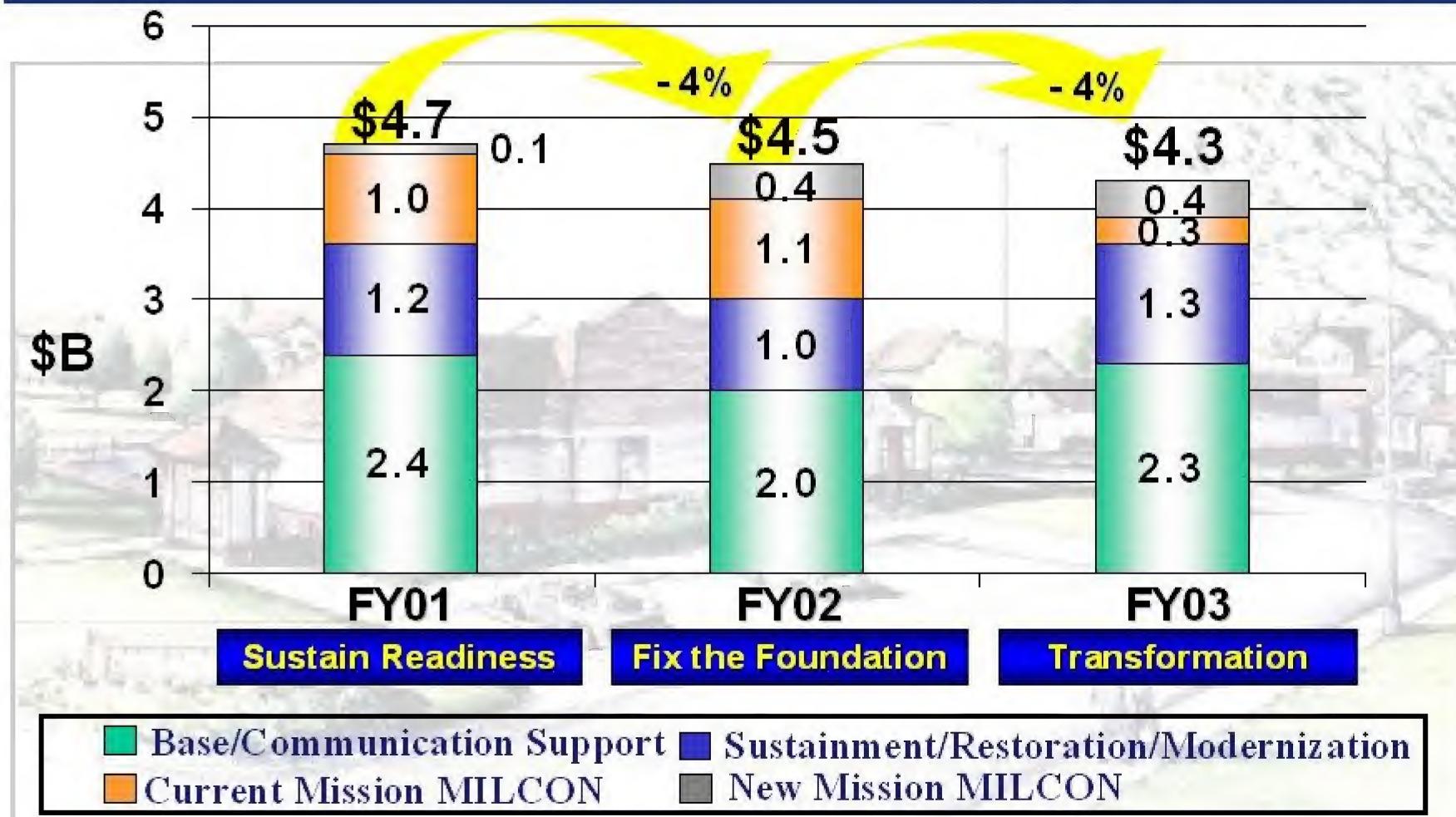


Critical Enablers for Warfighters



Physical Plant

6% of Budget



Sustain Facilities & Improve Communications Backbone

Integrity - Service - Excellence

% Net Change



U.S. AIR FORCE

Physical Plant Investment Strategy

- Accommodate New Missions
- Invest in Quality of Life Improvements
- Continue to Lead in Environmental Stewardship
- Sustain, Restore, and Modernize Our Physical Plant
- Optimize Use of Public and Private Resources
- Continue Our Demolition Program



DETECT

INFORM

PROJECT

LEVERAGE

DENY

Global Hawk
(INFORM)

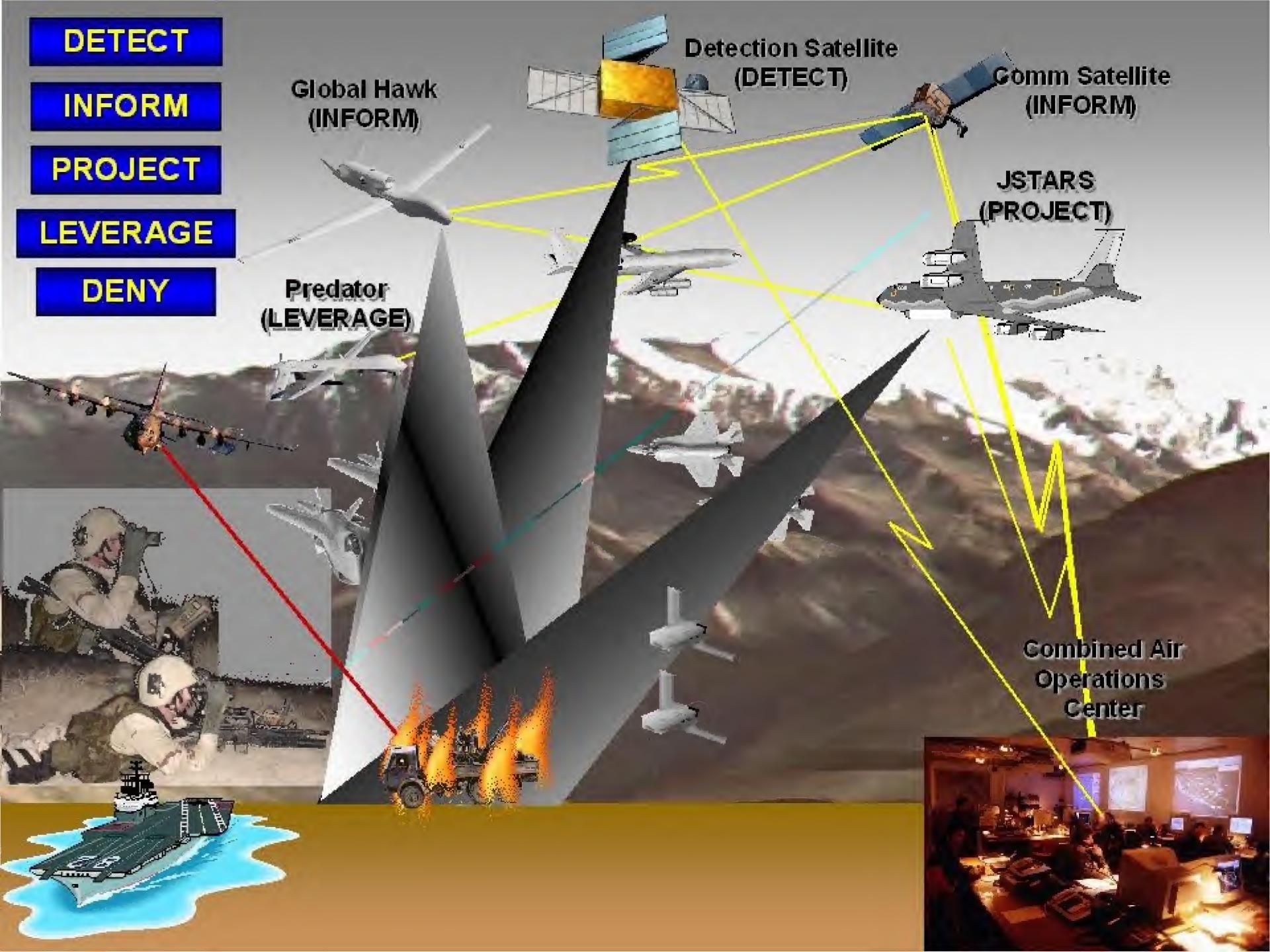
Detection Satellite
(DETECT)

Comm Satellite
(INFORM)

JSTARS
(PROJECT)

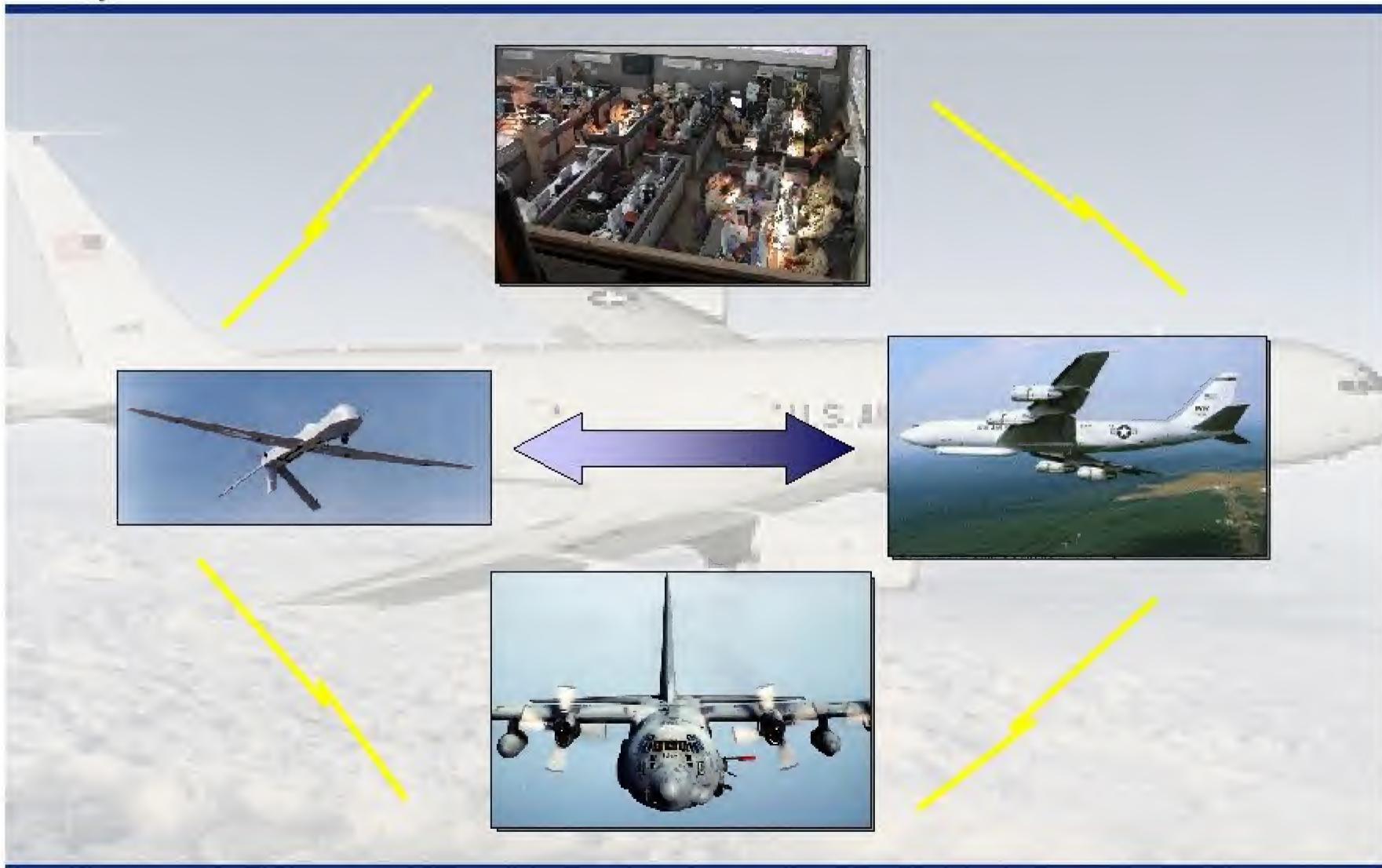
Predator
(LEVERAGE)

Combined Air
Operations
Center





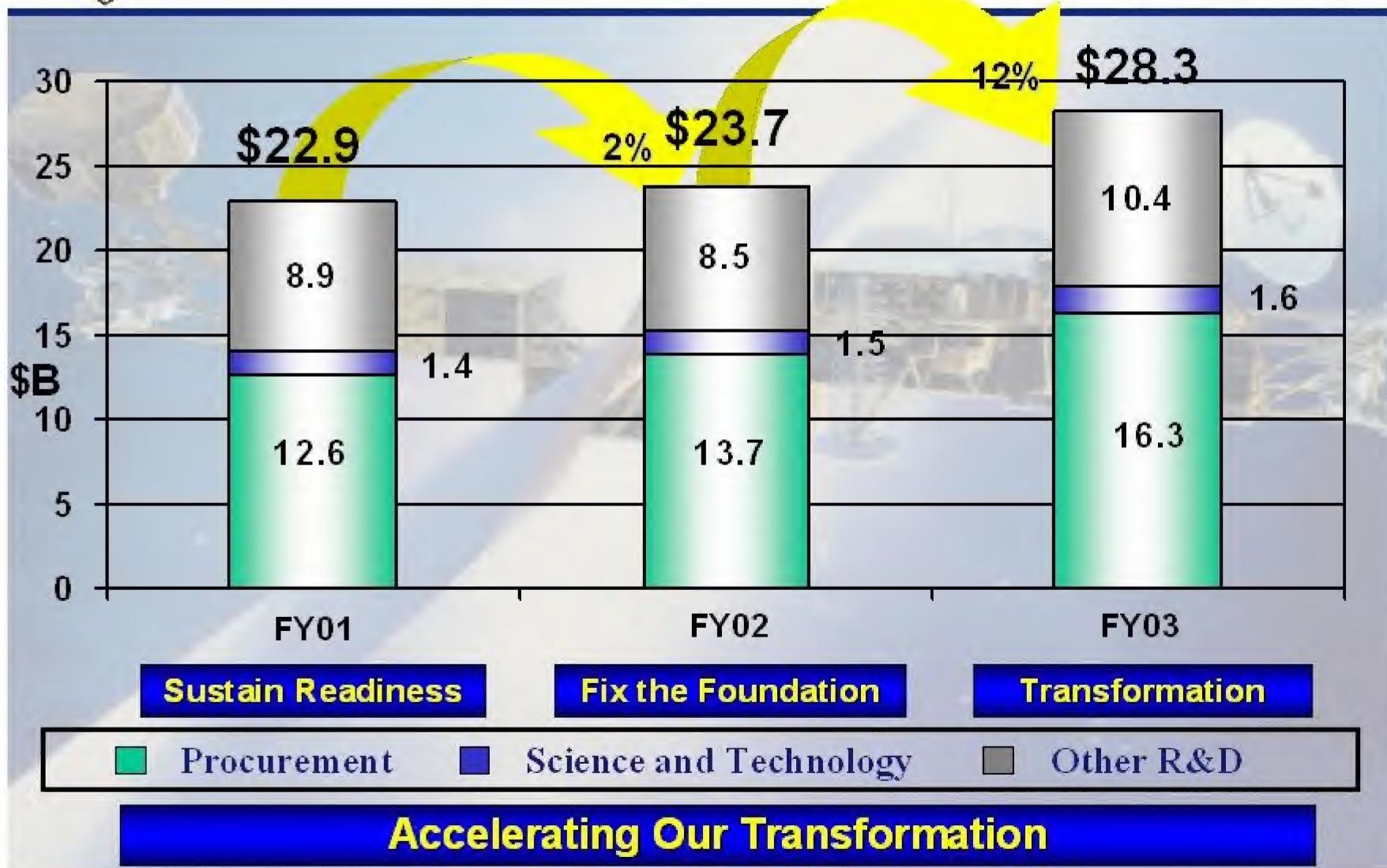
Horizontal Integration....





Modernization/Transformation

32% of Budget





Transformation -- F-22



Capabilities/Effects

- 24 Hour Stealth Capability
- The 21st Century Kick-Down-the-Door Fighter That Replaces Aging F-15s
- Revolutionary Blend of Advanced Stealth, Integrated Avionics, Maneuverability, & Supercruise



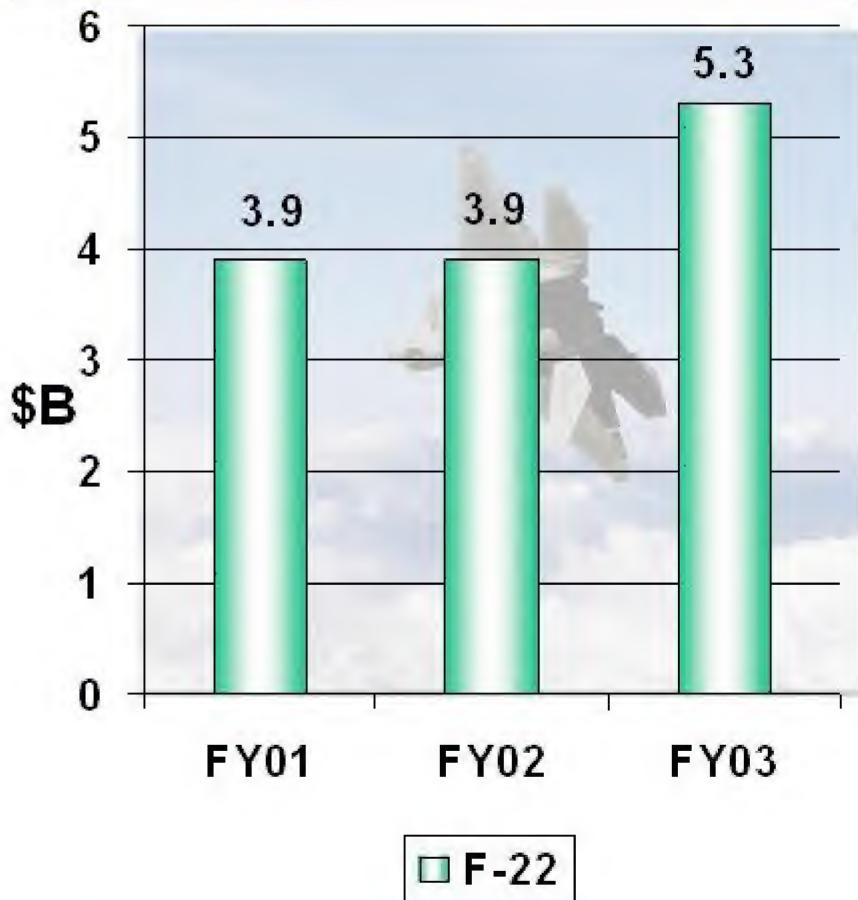


Transformation -- F-22

Quantity 10

13

23



Capabilities/Effects

FY03 and Beyond

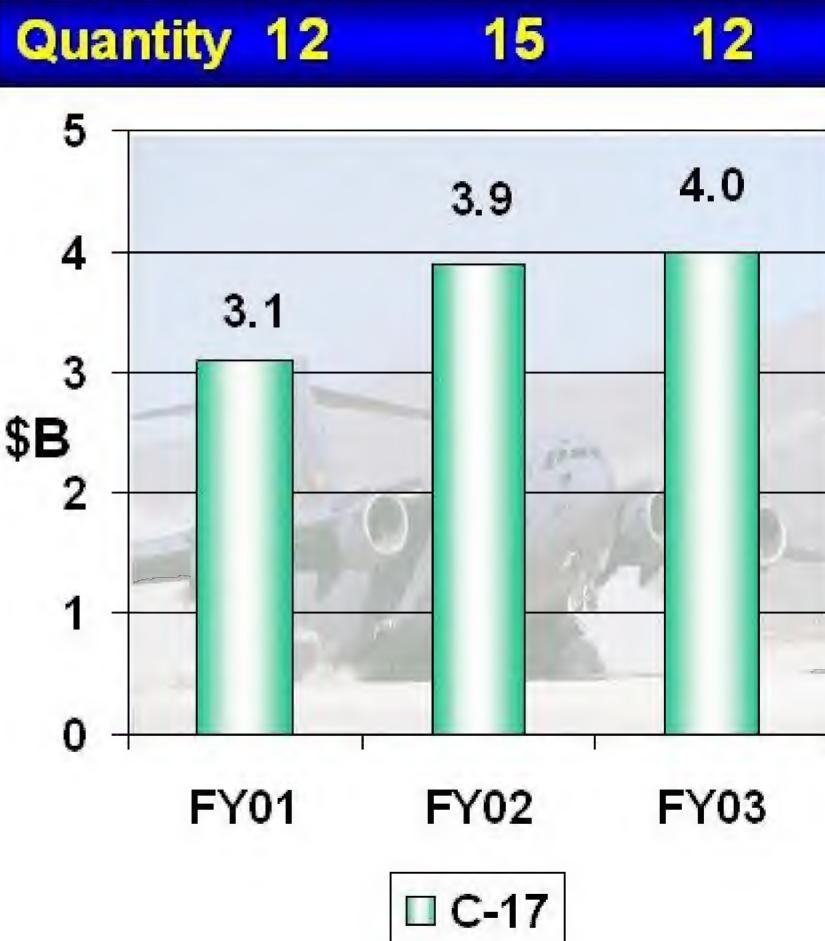
- Next Generation Air Superiority Fighter
- Defeat Enemy Anti-access Ability
- 24/7 Battlefield Dominance
- Freedom of Movement for Follow-On Joint Forces

Program Status:

- IOC: Dec 05



Transformation -- C-17



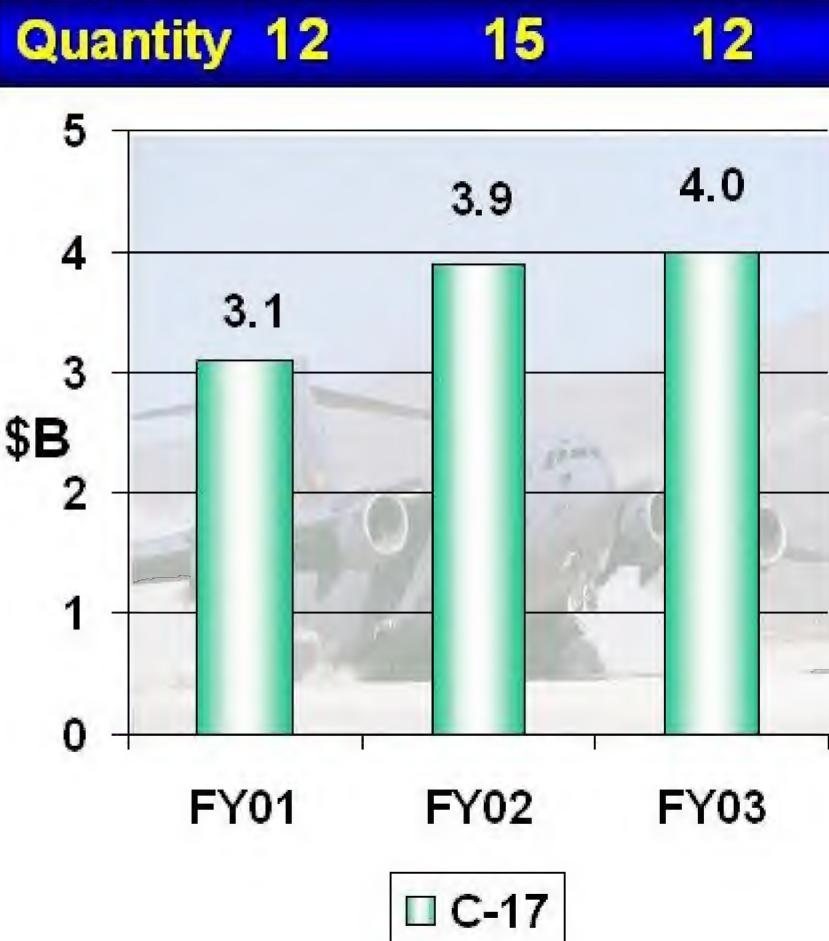
Capabilities/Effects

- Rapid Strategic Delivery of Troops and All Types of Cargo
- Tactical Airlift and Airdrop Missions When and Where Required





Transformation -- C-17



Capabilities/Effects Rapid Strategic

FY03 and Beyond

- Only Aircraft Capable of Entire Spectrum of Airlift Missions
- Proves Itself Every Day Around the World and in Afghanistan
- Uses Half the Runway Required for a C-141

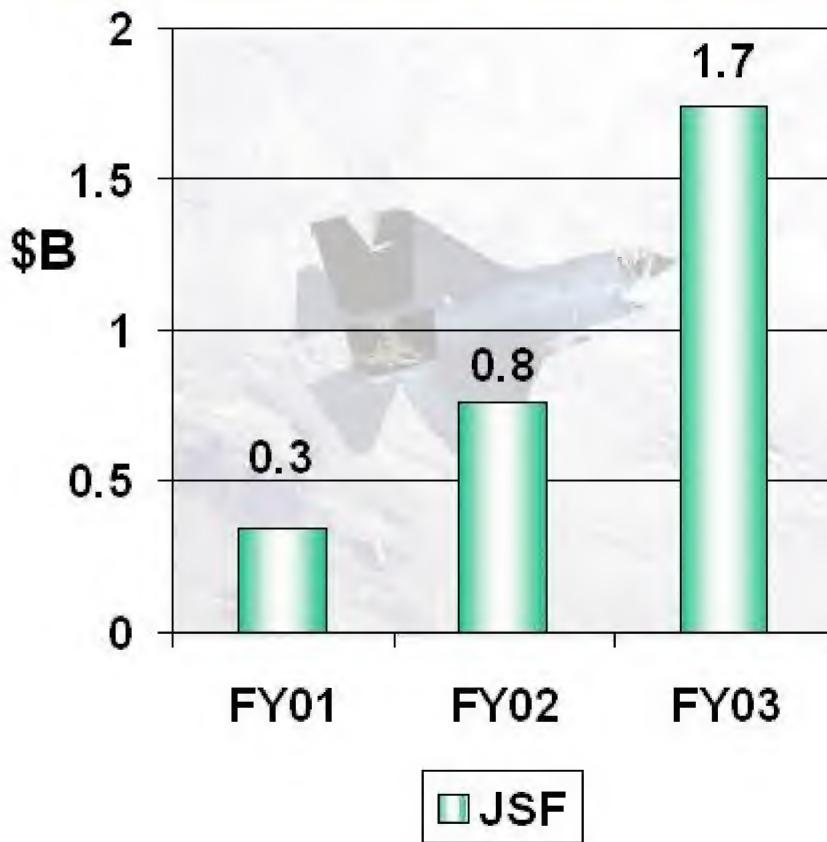
Program Status:

- New Multi-year Procurement for Additional 60 Aircraft



Transformation -- JSF

Development Stage



Capabilities/Effects

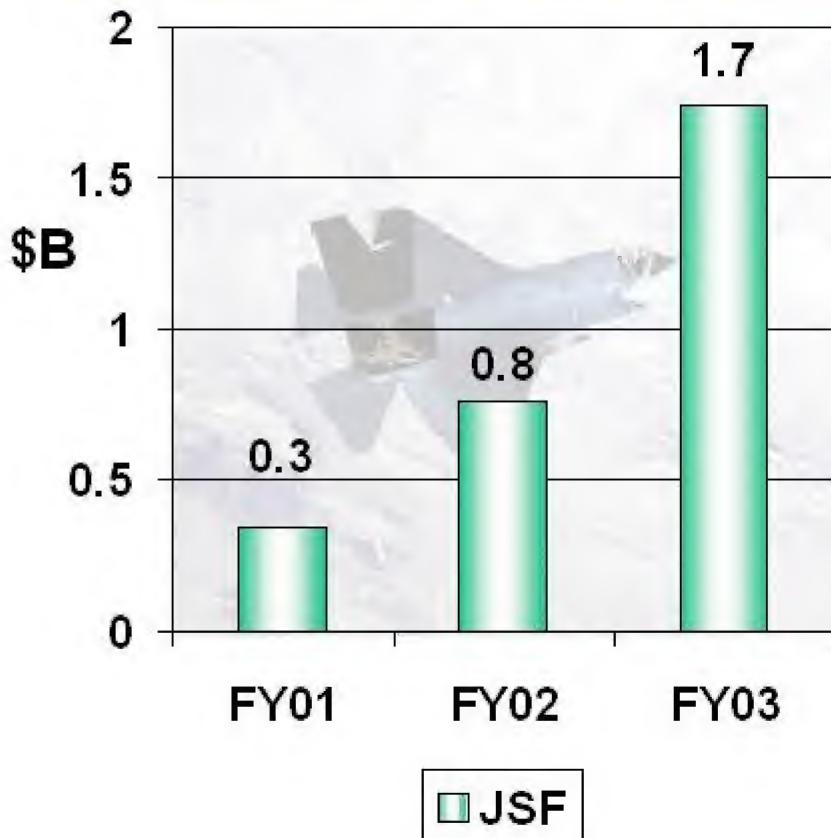
- Persistent Battlefield Dominance to Attack Heavily Defended Mobile and Fixed Targets
- Affordable, Survivable, Lethal, All-weather, Precision, Air to Ground Next Generation Fighter
- New Fighter for Navy, Marine Corp, Air Force, and Our Allies





Transformation -- JSF

Development Stage



Capabilities/Effects

FY03 and Beyond

- **Stealthy, Able to Carry Large Payloads and Multi- Spectral Avionics**
- **Reduced Logistical Footprint**
- **Improves Coalition Operations and Interoperability**

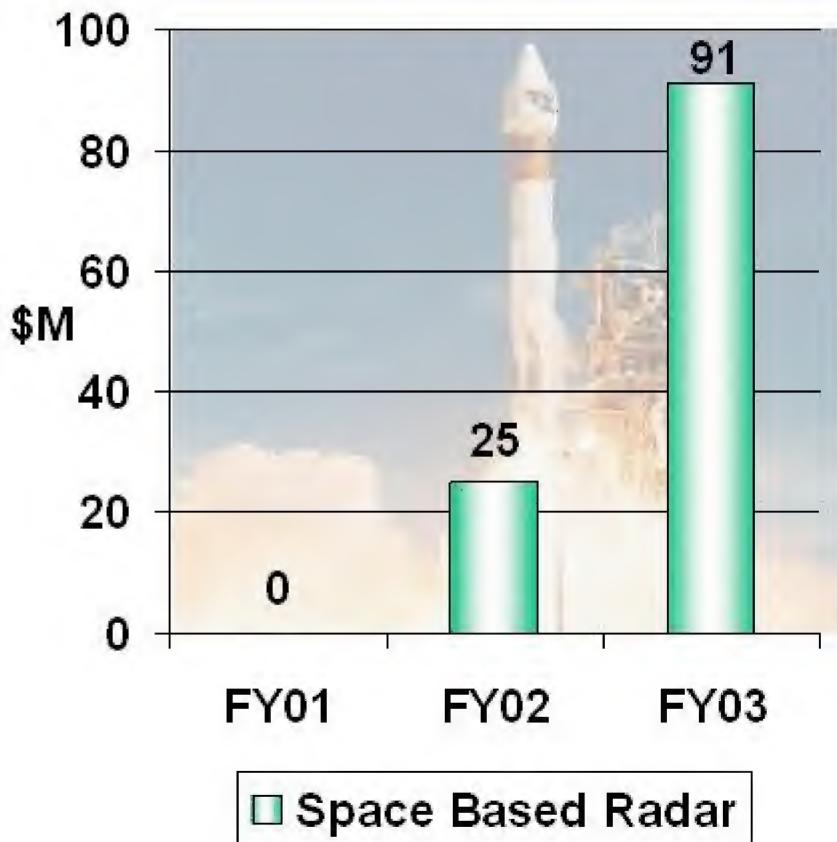
Program Status:

- **On Track for IOC in FY11**



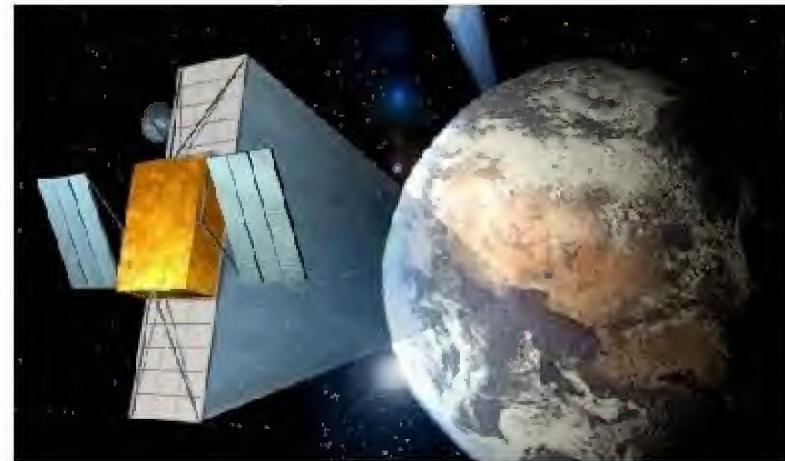
Transformation -- Space-Based Radar

In Development Phase



Capabilities/Effects

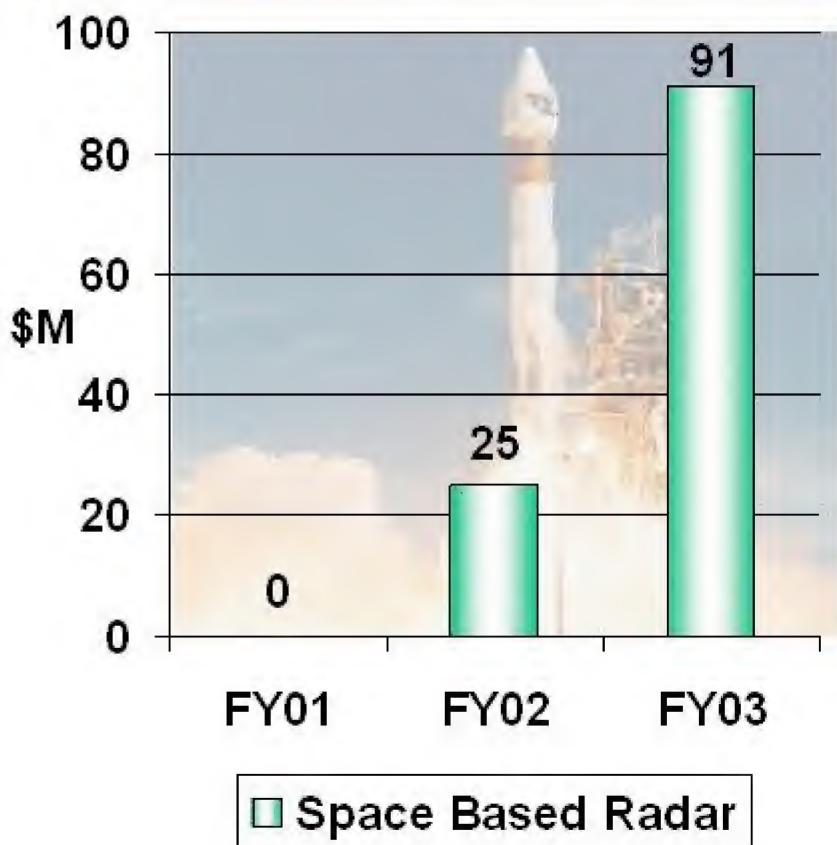
- Day/night, Near Continuous Battle-space Surveillance
- Provides High Resolution 3-D Radar Mapping
- Enables Battlefield Commander to Detect, Characterize & Attack Critical Targets





Transformation -- Space-Based Radar

In Development Phase



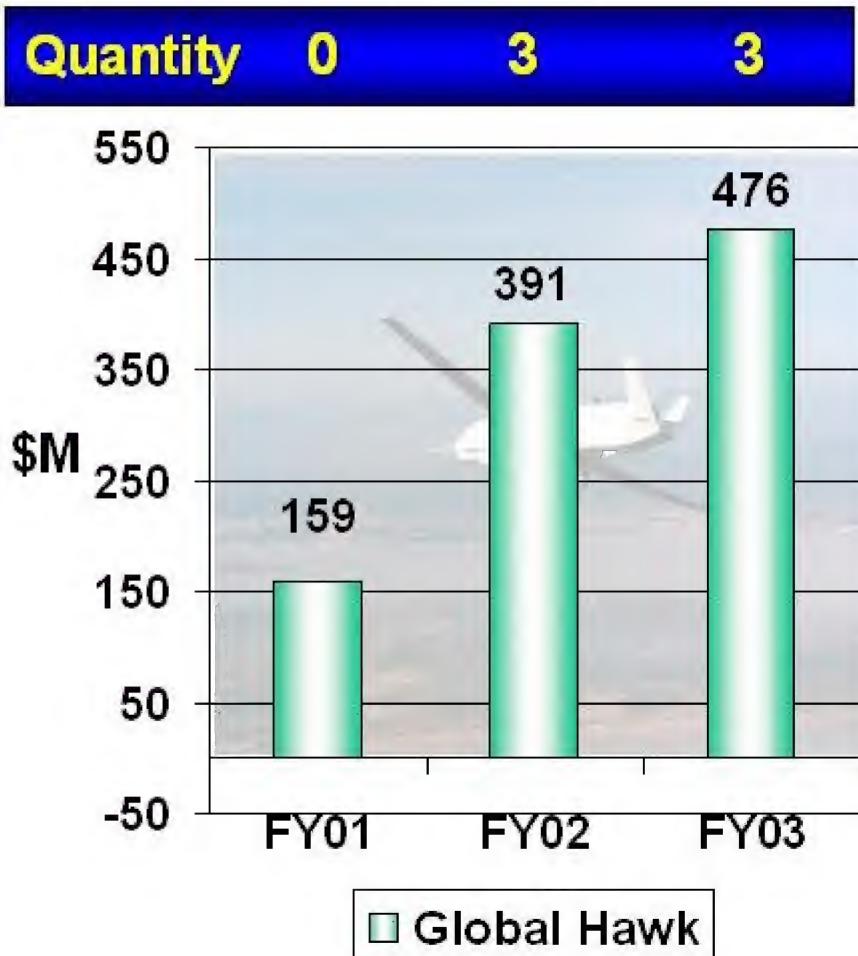
Capabilities/Effects

FY03 and Beyond

- Program is in Early Development Phase
- Program Status
- First Launch FY10
- FY13 Initial Operating Capability



Transformation -- Global Hawk



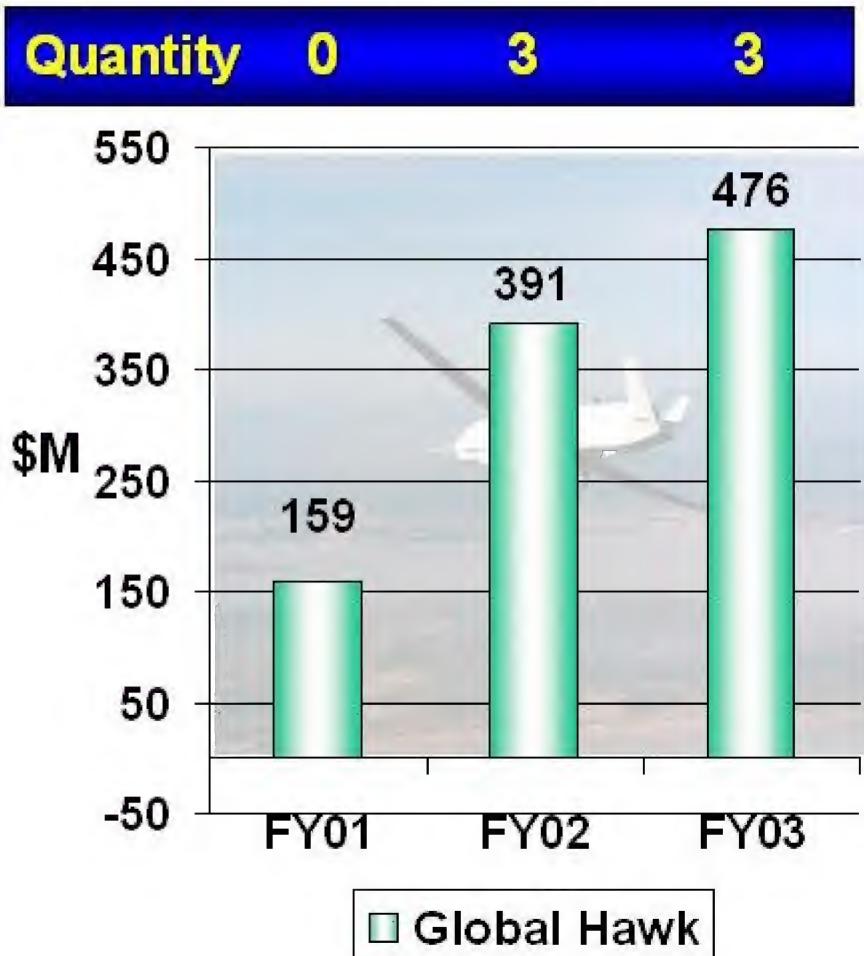
Capabilities/Effects

- Unmanned High Altitude, Persistent Surveillance
- High Resolution, Near Real-time Imagery of Large Geographic Areas





Transformation -- Global Hawk



Capabilities/Effects

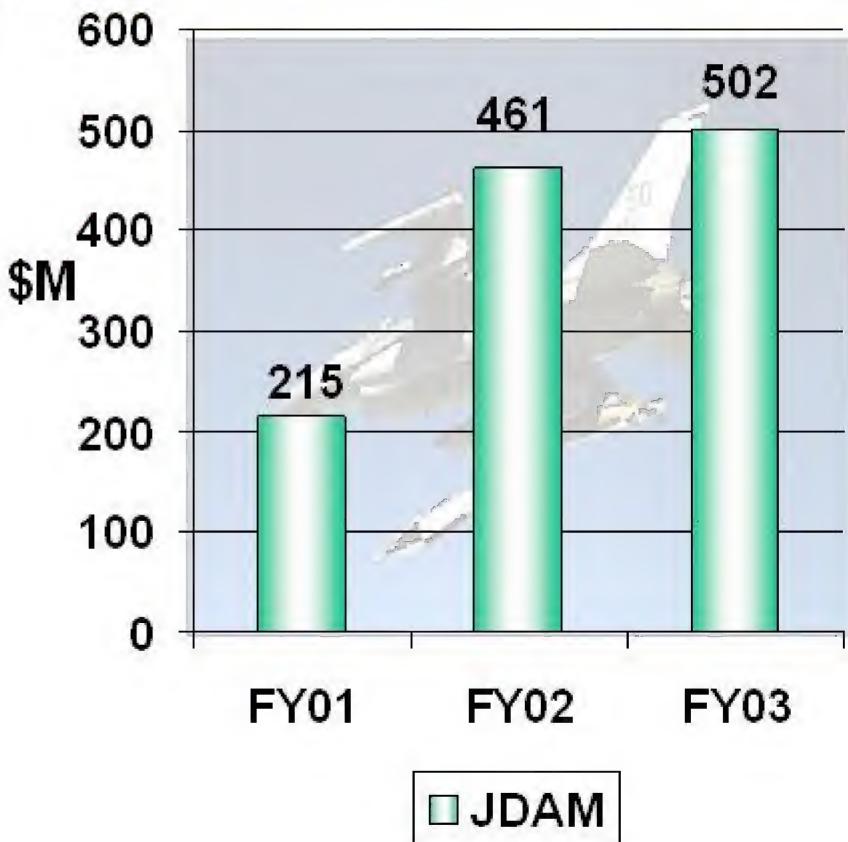
FY03 and Beyond

- **Unmanned Surveillance Flights**
Decrease Risk to Pilots, Increase Time Over Area
- **Highly Accurate Data**
Transmitted Near Real-time for Time Sensitive, High Priority Targets
- **Program Status:**
- **Program Is Still in R&D, but Being Used Operationally**



Transformation -- Joint Direct Attack Munitions (JDAM)

Quantity 8.9K 14.3K 22.7K



Capabilities/Effects

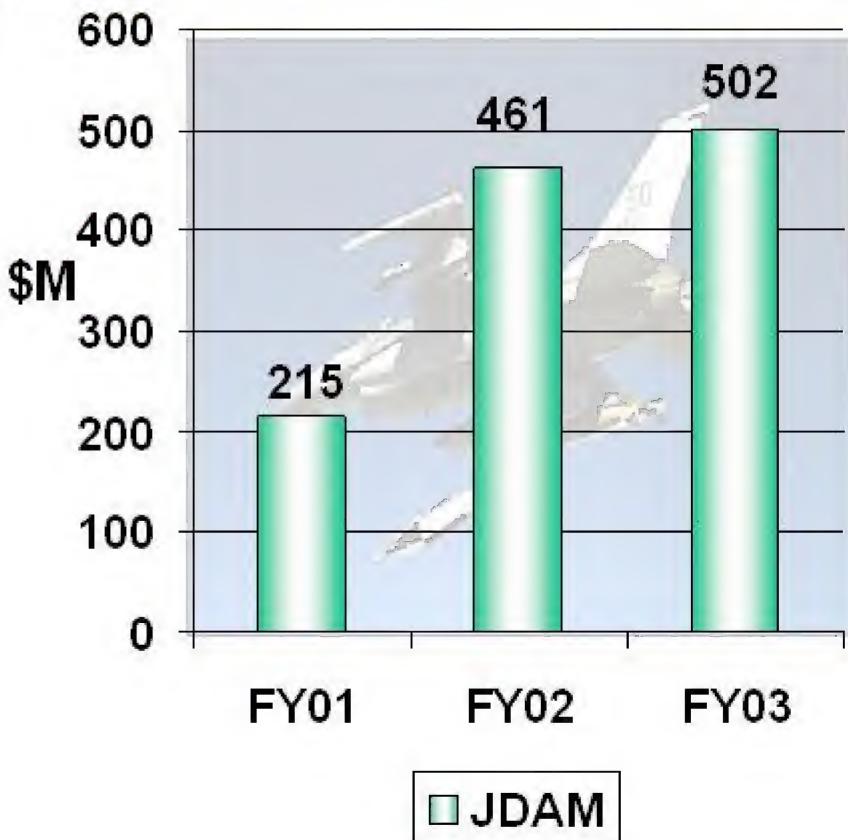
- Heavily Used in Afghanistan
- Precise All-Weather Weapon Delivery Capability Uses Global Positioning System to Gain Accuracy





Transformation -- Joint Direct Attack Munitions (JDAM)

Quantity 8.9K 14.3K 22.7K



Capabilities/Effects

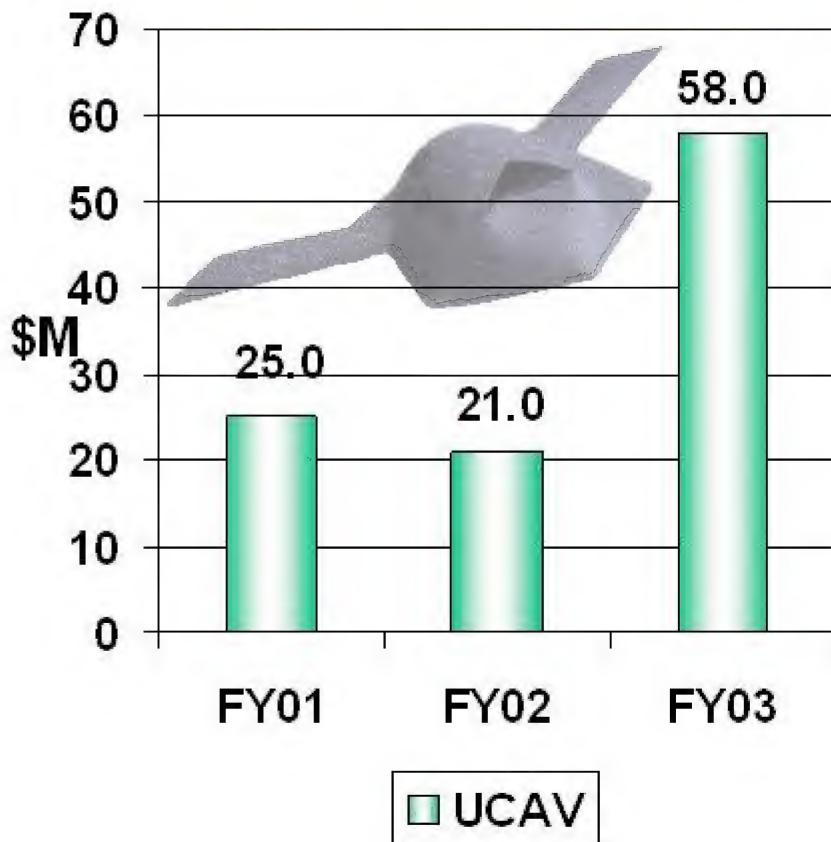
FY03 and Beyond

- Increasing Production Rates in FY03 to Reconstitute Inventory
- Integration Effort Will Enable All Fighters and Bombers to Employ the JDAM



Transformation -- Unmanned Combat Air Vehicle (UCAV)

In Development Phase



Capabilities/Effects

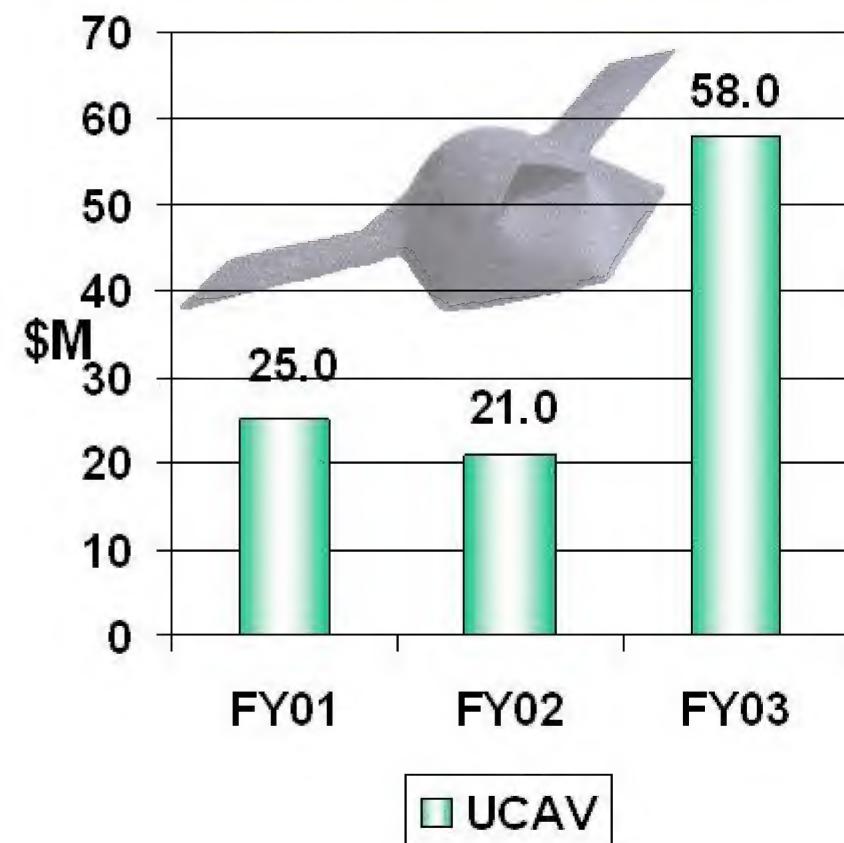
- Revolutionary Suppression of Enemy Air Defense and Strike Capabilities
- Augments Manned Systems for High Risk High Priority Targets
- Persistent Battlefield Domination





Transformation -- *Unmanned Combat Air Vehicle (UCAV)*

In Development Phase



Capabilities/Effects

FY03 and Beyond

- **Helps Sustain Asymmetric Advantage Into the Future**
- **Program Status:**
- **Systems Demonstration With Defense Advanced Research Projects Agency (DARPA)**
- **Early Operational Capability in FY08**



FY03 Air Force Budget

**People \$30B
+ \$2.3B**



**Readiness \$24.6B
+ \$0.9B**



**Focus
On**



**Physical Plant \$4.3B
- \$0.2B**



**Modernization \$28.3B
+ \$4.5B**



Summary

- The FY03 Budget Continues Investment in Our People and Maintains Prior Year Gains in Readiness, While Accelerating Air and Space Transformation
- Transformation Will Combine Stealth and Advanced Weapons With a Horizontally Integrated Surveillance and Reconnaissance Capabilities From Air and Space
- These Capabilities Will Enable Our War Fighters to Have the Right Information, at the Right Place and at the Right Time

**Allows us to Strike Any Adversary, Any Place, Any Time,
Any Weather, Day or Night**



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